

Downtown Revitalization & Business Retention



Securing Bag & Baggage's Future in Downtown Hillsboro

The City of Hillsboro Economic Development Council (HEDC) will consider a proposal at its meeting on July 7, 2015, to help facilitate Bag & Baggage's purchase of the building at 350 East Main Street from Tokola Properties.

- Bag & Baggage has agreed to purchase the property for \$775,000.
- The property has been appraised at \$830,000 as is, and \$1.1 million with completed improvements.
- The HEDC will consider entering into a loan agreement with Bag & Baggage for \$775,000 to be repaid within 20 years.
- The loan will begin accruing interest immediately, at a rate of one percent, while the first payment will be due in 2017.
- To encourage early repayment, the City has offered to forgive the first two years of interest if Bag & Baggage repays at least half of the loan balance within the first three years.
- The City will hold the building as collateral until the loan is repaid.



Why is the City involved in this project with Bag & Baggage?

As part of the City of Hillsboro's ongoing economic development efforts to retain and expand local companies, this is a business retention effort to ensure Bag & Baggage's successful future in Downtown Hillsboro. With this dedicated venue, Bag & Baggage will be able to expand its operations.

The City's support for the arts is a key strategy in the long-term plan to continue the revitalization of Downtown Hillsboro. The Hillsboro 2020 Vision Action Plan, Downtown Framework Plan, and Downtown Renaissance Report have all identified the arts as a pivotal element in the development of an active, vibrant Downtown. Live theater has a great economic impact for Downtown Hillsboro restaurants, retail, other properties that benefit from the additional foot traffic generated Bag & Baggage's presence. The City has a long history of supporting the arts as part of the Downtown experience with the renovation of the Walters Cultural Arts Center, the Venetian Theater, the Hart Theater, and the Sequoia Studios + Gallery as cooperative studios, sales and exhibition space.

Bag & Baggage is Hillsboro's only professional theater company, delivering regionally-acclaimed performances throughout the year. Bag & Baggage makes a significant, positive impact on our community by providing an exceptional cultural experience, and by offering high school students internship opportunities and free tickets to shows when seats are available.

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What is the funding source for this project?

The Downtown Hillsboro Urban Renewal District was formed in 2010 to support the revitalization of Downtown. Urban renewal funds are used for capital projects within the Downtown Urban Renewal Area, and the Downtown Urban Renewal Plan specifically identifies this type of project for the investment of funds:

- Financial assistance for commercial, industrial, and mixed-use improvements.
- Financial assistance for property and/or business owners to encourage quality rehabilitation, preservation, development, or redevelopment that supports the goals of this Plan, including Downtown revitalization and job retention/creation. Assistance can include grants and market or below-market loans, and can be applied to commercial, industrial, and mixed-use improvements. Assistance may be used for development and acquisition activities.

Is there any risk to the City?

Any loan agreement comes with some level of risk, however, the loan agreement is structured to mitigate risk and to enable Bag & Baggage to be successful and repay the loan. Bag & Baggage can begin operations in the new venue with lower payments that increase over time to allow for growth. The building serves as collateral. The appraised value of the building (\$830,000 as is, \$1.1 million with completed improvements) is higher than the loan amount (\$775,000), giving the city comfort that if the need arises to sell the building to another user, the City of Hillsboro will not take a loss.

How has the City previously supported the arts?

The City has provided significant support to various arts organizations:

- The Hillsboro Artists' Regional Theatre (HART) receives a discount on rent to use the facility at 2nd Avenue and Lincoln Street that is owned and operated by the City of Hillsboro, as well as past capital campaign support.
- The City purchased and sold the Venetian Theatre in 2007, and provided funding for building renovations.
- The City paid for tenant improvements to the Sequoia Gallery + Studios space, and assisted in securing a long-term lease agreement for Sequoia tenants through the Hillsboro Visual Arts Association.
- The City assisted with the purchase of the vacant church that was renovated to become the Walters Cultural Arts Center. The City now provides staff and programs for the Walters as part of the Hillsboro Parks & Recreation Department.
- The City entered into a 15-year lease agreement with the Washington County Museum to occupy space on the second floor of the Hillsboro Civic Center, with the museum agreeing to pay only for monthly cleaning, maintenance and utilities costs, as well as tenant improvements.

For more information on the City's Downtown Hillsboro revitalization efforts, visit the City's website: www.Hillsboro-Oregon.gov/Downtown.

